

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
_____)

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JULY 14, 2004
10:06 A.M.

Reported by:
Peter Petty
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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Arthur Rosenfeld

John L. Geesman

Jackalyne Pfannenstiel

STAFF and CONSULTANTS PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Betty McCann, Secretariat

Scott Matthews, Chief Deputy Director

Guido Franco

Caryn Holmes

Joseph Wang

David Rubens

Don Kazama

John Beyer

Prab Sethi

McKinley Addy

PUBLIC ADVISER

Margret Kim

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P R O C E E D I N G S

10:06 a.m.

CHAIRMAN KEESE: Good morning. We'll call this meeting of the Energy Commission to order. We'll recite the Pledge.

(Whereupon the Pledge of Allegiance was recited in unison.)

CHAIRMAN KEESE: Thank you, everyone. And we'll take a point of privilege at this moment and I will call on Mr. Therkelsen.

MR. THERKELSEN: Good morning, Commissioners. It's nice to see all those friendly faces out there. There's one or two grumpy ones, still; haven't had their coffee this morning.

Almost 29 years ago I had the privilege of coming to work at the Energy Commission. And over that 29 years there have been some pretty fantastic people that I've had the opportunity to work with. And people are the thing that make this place the way that it is.

We do have an opportunity this morning to recognize a few of those people. And unfortunately, we can't recognize everybody, although I think there's everybody in the

1 organization does contribute something to the
2 place, that's neat, a neat statement to be able to
3 make.

4 Every year we're allowed to make what
5 are called superior accomplishment awards. And
6 the Department of Personnel Administration several
7 years ago set up this program where agencies could
8 recognize people, and even had the opportunity,
9 this is the one little piece of opportunity where
10 we have the ability to give them a small degree of
11 monetary compensation for the contribution they
12 have made. And I emphasize small, because in many
13 cases the contribution that people make around
14 here significantly out-match what their paycheck
15 is and what we're able to give them in events like
16 this.

17 But anyway the criteria for the program
18 are that the individuals make an exceptional
19 contribution to improving state government, an
20 important contribution to science, research or
21 development, an unequaled personal effort in
22 overcoming unusual difficulties or obstacles in
23 completion of a major project or task, and
24 completion of a major project or task in a
25 significantly shorter period of time with

1 substantial benefits to the state.

2 There are two levels in the superior
3 accomplishment award program, a gold level and a
4 silver level. And, again, those have criteria.

5 The gold level criteria are
6 unquestionable significant and unequaled personal
7 efforts. Extraordinary accomplishment with value
8 added in dollars or quality end products or
9 results. Demonstrated self initiative and effort
10 above and beyond expectations. Contribution
11 usually beyond the project or program, itself.

12 And silver level is outstanding.
13 Exceptional effort and overcoming major
14 difficulties or obstacles. Resulted in a key
15 accomplishment or product that resulted in
16 contribution toward improvement of government.

17 And these awards can be given either to
18 individuals or to teams of people. And this year
19 what we'd like to do is recognize 34 staff that
20 have made contributions individually or as part of
21 a team in the year 2003.

22 One of the things in terms of the
23 process that's used for superior accomplishment
24 awards, we accept nominations from anybody within
25 the organization. Those nominations are given to

1 a review panel which spends many hours going
2 through the criteria in the individual
3 recommendations. And then makes a final
4 recommendation to me in terms of giving the
5 awards.

6 And what I'd like to do is call up by
7 name and give a brief little statement about the
8 individual's contribution. And have, first of
9 all, the gold award recipients come forward and
10 stand up here. Scott's going to hand them a
11 little plaque and Christina is going to hand them
12 a check for \$2 million.

13 (Laughter.)

14 MR. THERKELSEN: And if you believe that
15 you should be working somewhere else. Anyway,
16 we'll take the gold folks first, and then we'll go
17 ahead and take the silver folks. So when I
18 mention your name, please come on up here and
19 stand up at the front.

20 Cathy Turner significantly exceeded the
21 \$87,000 savings goal we established last year to
22 reduce telecommunication costs within the
23 Commission. Through her initiative, creativity
24 and perseverance she consolidated and restructured
25 services that will save the Commission more than

1 \$100,000 annually.

2 Muoi-Lynn Tien-Tran is the legal
3 secretary to the Commission's litigation
4 attorneys. And that must be a difficult place to
5 work.

6 (Laughter.)

7 MR. THERKELSEN: In addition to her
8 loyal and skillful service, Muoi has researched
9 court proceedings and format requirements and
10 prepared complying filings in complex litigation
11 cases for the chief counsel and his assistants
12 during a period in which more than 30 major
13 filings needed to occur in more than a dozen
14 different courts.

15 Gabe Herrera demonstrated his legal
16 skills and quick thinking when he first learned of
17 the criminal indictments against Enron --

18 (Laughter.)

19 MR. THERKELSEN: Through Gabe's efforts
20 the Commission was able to secure approximately
21 \$633,000 in refund payments from Enron for the
22 renewables program. This went to renewables, not
23 to the general fund.

24 And by the way, some of these folks may
25 not be here and that's fine. I'm going to go

1 ahead and read this little thing anyway, and we
2 will split their check.

3 (Laughter.)

4 MR. THERKELSEN: Okay, Michael Nyberg
5 has taken the initiative and some of his own
6 personal time to produce and distribute the daily
7 "Energy Highlights Report." And if you're not on
8 the email to receive that you're probably one of
9 the few people around here, because I think
10 everybody gets it. He has also moved 20 years of
11 petroleum industry data to a server using current
12 software at the Commission and assisting staff who
13 is currently developing databases.

14 And I think for a lot of folks that the
15 energy report is something they look at first
16 thing in the morning.

17 Suzanne Korosec and Heather Raitt were
18 both instrumental in establishing an historic
19 collaborative relationship with the staffs of the
20 PUC and the Energy Commission for the purpose of
21 implementing California's renewable portfolio
22 standard legislation. They were key in developing
23 the guidelines governing RPS eligibility and
24 disposition of the supplemental energy payments.

25 Guido Franco has demonstrated

1 outstanding performance, project leadership and
2 personal accomplishments during the 2003 on the
3 PIER climate change research strategic plan. Say
4 that fast. His efforts created a framework for
5 strategic planning and informing policy on climate
6 change in California which resulted in research
7 initiatives that have achieved national
8 recognition.

9 Jim McKinney has been the Commission's
10 lead on hydropower issues and was the co-lead of
11 the Resources Agency's statewide team on hydro
12 issues. His hard work and dedication helped
13 define and advance the state's position on hydro
14 and hydro-related land management issues. He also
15 was the project manager for the Environmental
16 Performance Report.

17 And lastly in the gold category is Dave
18 Maul. As office manager of the Natural Gas and
19 Special Projects Office Dave has demonstrated his
20 initiative, creativity and hard work to
21 dramatically improve the Commission's working
22 relationship and influence on natural gas issues
23 with the FERC and the PUC. He has increased the
24 value of the Commission's work, our visibility and
25 the effectiveness of his staff's products and

1 services during a time when the scope of work and
2 complexity of the issues has greatly expanded.

3 And those nine individuals we selected
4 from a number of candidates to receive the gold
5 award. And very much appreciate, again, your
6 individual contributions to the Commission. And
7 keep up the good work. Thank you, folks.

8 (Applause.)

9 MR. THERKELSEN: Thank you, again.

10 In terms of the silver area, we have a
11 few more folks for that.

12 Karen Griffin demonstrated dedication,
13 ingenuity, quality product orientation and
14 perseverance as project manager for the
15 Commission's first Integrated Energy Policy
16 Report. Good effort, Karen, come on up front.

17 Barbara Crume was project secretary for
18 the 2003 energy report. She made sure the
19 information prepared by the staff and the
20 committees flowed smoothly to both outside parties
21 and internally. And was instrumental to the
22 success of this major policy report.

23 Mike Jaske pioneered collaborative work
24 with the Public Utilities Commission. He led both
25 the demand response rulemaking working group on

1 metering and price response for large customers;
2 and the translation of the 2003 IEPR forecast into
3 something that the IOUs, Cal-ISO -- can't leave,
4 Mike -- CPUC can use without further
5 manipulation -- that's interesting -- or
6 distortion.

7 (Laughter.)

8 MR. THERKELSEN: That's pretty good.
9 That's awesome.

10 Liz Flores had a major role in
11 implementing the Energy Conservation Assistance
12 Account revenue bond sale. Her high quality work
13 on the bond sale required an intense commitment on
14 her part both in time and energy, often outside of
15 Commission business hours.

16 Mike Messenger has been the Energy
17 Commission's primary contact with the PUC in their
18 energy efficiency and demand response proceedings.
19 Mike's work ethic, analytical skill and ability to
20 bring good ideas to the table have been
21 instrumental in creating a constructive joint
22 agency process.

23 Dan Fong made an extraordinary effort as
24 the lead policy and technical analyst on the joint
25 CEC-ARB report on reducing California's petroleum

1 dependence. His efforts have greatly enhanced the
2 professional reputation of the transportation
3 energy division and the Energy Commission with
4 outside parties and other state agencies.

5 Debbie Jones -- and rumor has it she may
6 be hiding somewhere in the building --
7 demonstrated her dedication, patience and
8 outstanding organization skills in creating the
9 extensive documentation -- and I mean extensive --
10 to regroup staff from two divisions to establish
11 the new transportation energy division. She also
12 gathered and organized information to reduce
13 overhead and address budget constraints without
14 impacting workload -- work far and beyond the
15 level of effort required for a person in her
16 position.

17 Chris Kavalec was the project manager
18 and lead technical author of the Commission
19 report, feasibility of strategic fuel reserves in
20 California. His personal effort resulted in a
21 report that has provided significant benefits to
22 the state in guiding actions to attempt to reduce
23 gasoline price spikes.

24 Through their combined efforts and hard
25 work Art Firebaugh and Allan Ward processed

1 funding agreements for over 85 PIER important
2 program projects totaling over \$117 million during
3 2003. So your checks will equal the amount of
4 money that --

5 (Laughter.)

6 MR. THERKELSEN: Never mind, forget it.

7 George Simons, Elaine Sison-Lebrilla,
8 Val Tiangco and Prab Sethi, as key members of the
9 PIER renewable R&D team, developed unique and
10 innovative approaches in renewable energy research
11 and development that will be critical in helping
12 the state achieve its ambitious RPS goals.

13 One example of these approaches was
14 development of a strategic value analysis which
15 links GIS modeling with electricity system
16 simulations and economic analyses. They developed
17 similar approaches in the areas of geothermal and
18 biomass R&D.

19 Commissioners, we're going to have you
20 surrounded here in a little bit.

21 Dale Trenchel, Lynette Esternon, and
22 Pram Narvand administered the emerging renewables
23 program which experienced explosive growth in
24 2003. And because of their diligence successfully
25 coped with the workload increase.

1 Linda Kelly was the lead on the PIER
2 transmission research strategic plan in 2003. Her
3 efforts resulted in a framework for R&D strategic
4 planning and policy formation in electricity
5 transmission which resulted in national
6 recognition at the research level. She's not
7 here.

8 Linda Nesbit has been a model in
9 efficiency and problem-solving. Through her
10 efforts the problems of the Assessments and Siting
11 Division Staff moving from four floors to one, was
12 minimized with a minimal loss of staff time and
13 impact on employee morale. She made sure the
14 floor plans selected maximized the efficient use
15 of space and created a working environment
16 conducive to fostering employee morale and
17 productivity. Linda often worked long hour at
18 some personal sacrifice and also took on
19 additional responsibilities.

20 And I will say one thing about this
21 accomplishment. When I was the division chief we
22 were on four floors and it was a pain in the neck.
23 And, Linda, congratulations on getting that done.

24 Raquel Rodriguez took on additional
25 responsibility for supervising the Commission's

1 docket, in addition to supervising the siting
2 project secretaries. She put in many extra hours
3 to become fully knowledgeable of all the functions
4 and procedures of the docket and maintained it as
5 the official document repository for the
6 Commission.

7 Al Alvarado was the project manager of
8 the Electricity and Natural Gas Report, a key
9 component of the 2003 IEPR. Al coordinated the
10 input and worked for multiple offices of the
11 Commission and completed a controversial document
12 in its various subcomponents.

13 Nancy Tronaas is a power plant
14 compliance project manager. In addition to
15 carrying a heavy workload monitoring energy
16 facility projects certified by the Energy
17 Commission, she has also been key in building the
18 Commission's reputation as an organization that is
19 able to react to and effectively solve problems
20 associated with power plant construction and
21 operation in California.

22 Mary Dyas developed a series of pages on
23 the Commission's website devoted to LNG facts as
24 an educational tool for local public officials,
25 the public and other state agencies. She worked

1 with the Commission's web team and learned how to
2 design webpages that are considered the most
3 comprehensive and objective on LNG in the United
4 States.

5 Judy Grau created the 2003 Transmission
6 White Paper, serving as the foundation assessment
7 document to the 2003 IEPR. Her personal efforts
8 and commitment to timely and high quality products
9 resulted in a paper that provided broad background
10 on California's physical system, near-term
11 projects as solutions to problems, governance
12 issues and barriers to providing solutions which
13 will be used in subsequent energy reports.

14 Roger Johnson has demonstrated
15 exceptional management skills, commitment to
16 excellence and dedication. And his efforts to
17 insure that the Commission fulfills its
18 responsibilities during another challenging year
19 when siting case workload often exceeded staff
20 resources. 2003 was the fourth year Roger was
21 confronted with a siting case workload far beyond
22 the historical norm.

23 And those are the folks that we selected
24 to receive the silver awards.

25 (Applause.)

1 MR. THERKELSEN: And, again, I would
2 like to express my personal thanks to all of you
3 folks and the folks that received the gold awards,
4 but to everybody in this building, because you all
5 contribute to make this organization what it is;
6 to produce the kind of things that it has
7 produced; and to have the influence that it has.
8 So, thank you very much for the opportunity to
9 work with you.

10 (Applause.)

11 CHAIRMAN KEESE: Thank you, Mr.
12 Therkelsen, and thank you for letting the
13 Commissioners share in this event to honor staff.

14 Before we start with our agenda I will
15 note again that the Commission meeting set for
16 July 28th has been canceled. There will be no
17 Commission meeting on July 28th. There will be a
18 special Commission meeting on August 2nd at 2:00
19 p.m. to hear one item. That is the Morro Bay
20 siting case. The next regular Commission meeting
21 will be on August 11th.

22 We have a consent calendar. Do I have a
23 motion?

24 COMMISSIONER ROSENFELD: Move.

25 CHAIRMAN KEESE: Motion, Rosenfeld.

1 COMMISSIONER GEESMAN: Second.

2 CHAIRMAN KEESE: Second, Geesman.

3 All in favor?

4 (Ayes.)

5 CHAIRMAN KEESE: Opposed? Adopted four
6 to nothing.

7 Item 2, University of California,
8 Berkeley. Possible approval of work authorization
9 WA-006, amendment 1, not to exceed \$3,041,316 with
10 University of California, Berkeley, to continue
11 work on economic analyses on climate change
12 impacts. Good morning.

13 MR. FRANCO: Good morning,
14 Commissioners. My name is Guido Franco; I'm with
15 the Public Interest Energy Research program.

16 As you know, the Commission has created
17 a climate change research center that is located
18 both in the Scripps and in Berkeley. Berkeley's
19 doing economic analysis and Scripps is doing
20 studies regarding potential changes in climate in
21 California.

22 The work authorization that we're asking
23 you to approve is an amendment to an existing work
24 authorization that will add about \$2 million for
25 at total of \$3 million.

1 The work authorization includes several
2 tasks. And I'm just going to summarize one or two
3 or them. One thing is the enhancement of a
4 prototype economic model for California that will
5 be used to estimate the potential economic impacts
6 of both efforts to reduce greenhouse gasses
7 emission and also due to changes in climate,
8 itself.

9 The second project has to do with
10 development of energy balance for California. We
11 already have a prototype database. We feel the
12 need to enhance this work. And we're working very
13 closely with the fuels office, the natural gas
14 office and the electricity office.

15 We're also going to be doing some
16 detailed analyses of carbon sequestration count in
17 California and we're working very closely with the
18 California Department of Forestry.

19 In total, there are like eight different
20 activities; I've just given you some highlights of
21 three of them. But, I'm ready to answer any
22 questions that you may have.

23 CHAIRMAN KEESE: Thank you, Guido. Any
24 questions here?

25 COMMISSIONER ROSENFELD: Just to

1 congratulate Guido again. No, no questions. I
2 move item 2.

3 CHAIRMAN KEESE: Motion, Rosenfeld.

4 COMMISSIONER GEESMAN: Second.

5 CHAIRMAN KEESE: Second, Geesman.

6 All in favor?

7 (Ayes.)

8 CHAIRMAN KEESE: Opposed? Adopted four
9 to nothing. Thank you.

10 Item 3, California Independent System
11 Operator Subpoena. Consideration of possible
12 adoption of a subpoena directing California
13 Independent System Operator to provide data
14 relevant to the Energy Commission's aging power
15 plant study. Good morning, Caryn.

16 MS. HOLMES: Good morning. My name is
17 Caryn Holmes; I'm with the Office of Chief
18 Counsel. This item is a follow-on subpoena to the
19 subpoena that you adopted in May as the ISO was
20 collecting the data to provide to the Commission
21 Staff in response to that earlier subpoena.

22 They identified some additional
23 information that they thought would be useful. We
24 agreed, and have therefore prepared this
25 additional subpoena.

1 One point I would like to make is that
2 the subpoena that you received in your agenda
3 backup packages did not have items 3 and 4. The
4 subpoena that you are receiving now does.

5 In conversations with ISO counsel late
6 yesterday afternoon it turned out that two of the
7 reports that we asked for in the May subpoena have
8 been updated. And they suggested that we add the
9 updated reports to the subpoena, which I have
10 done.

11 So items 3 and 4 are new to the subpoena
12 but they are follow-on items to what was
13 identified in the May 5th subpoena.

14 CHAIRMAN KEESE: Thank you. I would
15 then accept a motion to adopt the order as
16 amended.

17 COMMISSIONER GEESMAN: So moved, Mr.
18 Chairman.

19 CHAIRMAN KEESE: Motion, Geesman.

20 COMMISSIONER PFANNENSTIEL: Second.

21 CHAIRMAN KEESE: Second, Pfannenstiel.
22 Any discussion?

23 All in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? Adopted four

1 to nothing. Thank you.

2 MS. HOLMES: Thank you very much.

3 CHAIRMAN KEESE: I always like to see
4 friendly subpoenas.

5 Item 4, City and County of San
6 Francisco. Possible approval of a loan to the
7 City and County of San Francisco for \$1,622,940 to
8 install a 250 kW photovoltaic system. Good
9 morning.

10 MR. WANG: Good morning, Commissioners.
11 My name is Joseph Wang and I'm the Project Manager
12 for this loan. The City and County of San
13 Francisco is canceling an existing \$2.5 million
14 loan from the ECAA bond fund, and applying for a
15 new loan for about \$1.622 million.

16 There is no change in work scope. The
17 loan reduction is mainly due to the reduction
18 instituted by PG&E in March this year. As a
19 result the loan will be reduced from \$2.5 million
20 down to \$1.622 million.

21 So staff has reviewed this project and
22 recommended approval of this loan.

23 CHAIRMAN KEESE: Thank you. Are you
24 saying that PG&E is picking up a portion of the
25 costs, is that it?

1 MR. WANG: No. Because of the PG&E rate
2 reduction --

3 CHAIRMAN KEESE: I see.

4 MR. WANG: -- this project can only
5 qualify a reduced amount.

6 CHAIRMAN KEESE: Thank you. Thank you
7 for that explanation.

8 COMMISSIONER PFANNENSTIEL: I'd move the
9 item.

10 CHAIRMAN KEESE: Motion, Pfannenstiel.

11 COMMISSIONER ROSENFELD: Second.

12 CHAIRMAN KEESE: Second, Rosenfeld.

13 All in favor?

14 (Ayes.)

15 CHAIRMAN KEESE: Opposed? Adopted four
16 to nothing.

17 Item 5, Ross Valley Unified School
18 District. Possible approval of a loan to the Ross
19 Valley Unified School District for \$600,000 to
20 install photovoltaic projects totaling 310
21 kilowatts.

22 MR. WANG: I'm also the Project Manager
23 for this loan. Ross Valley Unified School
24 District is applying for a \$600,000 loan to
25 install four PV projects at four of their schools.

1 And these projects will reduce the electricity use
2 by 90 percent at these four schools. And one of
3 the schools also participated in the solar school
4 program, so they are very aggressively pursuing
5 the PV project.

6 And the annual cost savings will be
7 about \$60,000. Simple payback of ten years. And
8 the staff has reviewed this project and also
9 recommended approval of this loan.

10 CHAIRMAN KEESE: Thank you.

11 COMMISSIONER PFANNENSTIEL: Move the
12 item.

13 CHAIRMAN KEESE: Motion, Pfannenstiel.

14 COMMISSIONER GEESMAN: Second.

15 CHAIRMAN KEESE: Second, Geesman.

16 All in favor?

17 (Ayes.)

18 CHAIRMAN KEESE: Opposed? Adopted four
19 to nothing.

20 Item 6, City of Turlock. Possible
21 approval of a loan to the City of Turlock for
22 \$270,000 to replace incandescent traffic signal
23 lights and pedestrian modules with energy
24 efficient diodes.

25 MR. RUBENS: Good morning,

1 Commissioners.

2 CHAIRMAN KEESE: Good morning.

3 MR. RUBENS: My name's Dave Rubens; I'm
4 with the public programs office. The City of
5 Turlock has requested financing to replace 1775
6 incandescent traffic signal lights and 254
7 pedestrian modules with energy efficient lighting
8 emitting diodes, which are LEDs, at 39
9 intersections; and installing the new hand walking
10 LED pedestrian combinations at 34 intersections.

11 This project is estimated to save them
12 annually \$31,891. And it has a simple payback of
13 8.5 years. The project's due to be completed
14 November 1st of this year.

15 The loan request meets the requirements
16 of the Energy Conservation Assistance Act program.
17 The program requires repayment of the loan,
18 interest and principle, within 15 years. This is
19 equivalent to projects having a simple payback of
20 ten years or less. This loan has a simple payback
21 of less than ten years and meets the requirements
22 of the loan.

23 The project will reduce energy by
24 697,824 kilowatt hours, and will reduce the
25 electric load by 80 kW. The project has been

1 approved by the Efficiency Committee. And as a
2 result, the Energy Commission Staff has determined
3 that the loan for the City of Turlock is
4 technically justified and meets the requirements
5 of the ECAA program. Staff recommends approval of
6 the loan.

7 CHAIRMAN KEESE: Thank you.

8 COMMISSIONER PFANNENSTIEL: Move the
9 item.

10 CHAIRMAN KEESE: Motion, Pfannenstiel.

11 COMMISSIONER ROSENFELD: Second.

12 CHAIRMAN KEESE: Second, Rosenfeld.

13 All in favor?

14 (Ayes.)

15 CHAIRMAN KEESE: Opposed? Adopted four
16 to nothing.

17 Item 7, City of Garden Grove. Possible
18 approval of a loan to the City of Garden Grove for
19 \$513,900 to install energy efficient HVAC
20 equipment and energy management system. Good
21 morning, Don.

22 MR. KAZAMA: Good morning, Mr. Chairman
23 and Commissioners. I'm Don Kazama of the energy
24 efficiency and demand analysis division, serving
25 as the Project Manager for this loan.

1 The City of Garden Grove has requested a
2 loan of \$513,900 from our Energy Conservation
3 Assistance Act and/or bond fund account to install
4 energy efficient air conditioning equipment and a
5 new energy management system in several city
6 facilities.

7 This project is expected to save the
8 city \$51,390 in operating costs annually. And
9 it's a ten-year simple payback. Staff has
10 reviewed the project and the Efficiency Committee
11 has also approved this loan to go forward to
12 today's business meeting. And staff recommends
13 that this loan be approved.

14 CHAIRMAN KEESE: Thank you.

15 COMMISSIONER PFANNENSTIEL: Move
16 approval.

17 CHAIRMAN KEESE: Motion, Pfannenstiel.

18 COMMISSIONER ROSENFELD: Second.

19 CHAIRMAN KEESE: Second, Rosenfeld.

20 All in favor?

21 (Ayes.)

22 CHAIRMAN KEESE: Opposed? Adopted four
23 to nothing.

24 MR. KAZAMA: Thank you.

25 CHAIRMAN KEESE: Item 8, City of

1 Riverside. Rather than reading this into the
2 record we're going to have a clearer explanation
3 of what we have in front of us from Mr. Beyer.

4 MR. BEYER: All right.

5 CHAIRMAN KEESE: Would you explain this
6 item to us?

7 MR. BEYER: Yes, I will. I'm John
8 Beyer, PIER program contract manager. This is
9 really seeking approval for two items. The first
10 is the receipt of \$700,000 from the Department of
11 Energy specifically for the project. The second
12 item is conveying the first \$100,000 of that money
13 to the City of Riverside by way of a grant, so
14 that the first DOE money can be spent this federal
15 fiscal year, by the end of September.

16 I will appear before the Committee at a
17 later date to seek approval for a contract to
18 convey the remaining \$600,000 once we've done the
19 initial tests that are going to be done with this
20 first \$100,000.

21 So there are two items here, as are
22 spelled out in the actual resolution that
23 accompanies your information package.

24 CHAIRMAN KEESE: Thank you. Everybody
25 okay on that one?

1 COMMISSIONER PFANNENSTIEL: Mr.
2 Chairman, I have a question on the item.

3 CHAIRMAN KEESE: Commissioner
4 Pfannenstiel.

5 COMMISSIONER PFANNENSTIEL: I understand
6 that this is dollars to test a combined GE --
7 well, a GE new catalytic converter. How much
8 money is GE putting into this test?

9 MR. BEYER: The total project budget is
10 about \$4.5 million. GE, with matched funding is
11 putting in, I believe, close to a million, at
12 least \$800,000 on this project.

13 There are four primary project partners,
14 Catalytica being one. It's a Catalytica Energy
15 Systems Xonon combustor that's being integrated
16 with the GE-10 --

17 COMMISSIONER PFANNENSTIEL: With the GE
18 turbine.

19 MR. BEYER: -- turbine, yes. The City
20 of Riverside is putting in matched funding, as
21 well as the construction firm, Black and Veatch.
22 So, there --

23 COMMISSIONER PFANNENSTIEL: I see, thank
24 you.

25 MR. BEYER: -- are all these entities

1 involved. This is the kind of end of a series of
2 projects that the EPAG program has funded in the
3 development of the Catalytica Xonon combustor,
4 starting with its integration with a 1.4 megawatt
5 gas turbine. We supported that development. We
6 have it now being demonstrated at Sonoma
7 Developmental Center. This is now stepping it up
8 to an industrial scale turbine in a utility power
9 plant setting.

10 COMMISSIONER PFANNENSTIEL: Thank you.

11 CHAIRMAN KEESE: Thank you.

12 COMMISSIONER ROSENFELD: I move item 8.

13 CHAIRMAN KEESE: Motion, Rosenfeld.

14 COMMISSIONER PFANNENSTIEL: Second.

15 CHAIRMAN KEESE: Second, Pfannenstiel.

16 COMMISSIONER GEESMAN: Mr. Chairman, I
17 have a question.

18 CHAIRMAN KEESE: Commissioner Geesman.

19 COMMISSIONER GEESMAN: At some point,
20 John, we intend to put PIER money into this
21 project, do we not?

22 MR. BEYER: Yes, that's right. I've
23 also received approval from the R&D Committee for
24 a million dollars of PIER funding, again
25 subsequent to this initial test phase. That will

1 be -- so that eventually I'll be returning to you
2 for a contract combining a million dollars of PIER
3 funding, the remaining \$600,000 of DOE funding,
4 all of which will go to Riverside, assuming these
5 initial tests are successful.

6 COMMISSIONER GEESMAN: So there's some
7 threshold requirements before we put our money
8 into the project?

9 MR. BEYER: Yes, that's correct. Really
10 this money will go toward testing that GE will do
11 in a test facility to make sure they are
12 comfortable with the integration of the Catalytica
13 system on the GE turbine.

14 COMMISSIONER GEESMAN: Thank you.

15 CHAIRMAN KEESE: Thank you for a good
16 explanation of this project. We have a motion and
17 a second.

18 All in favor?

19 (Ayes.)

20 CHAIRMAN KEESE: Opposed? Adopted four
21 to nothing.

22 Item 9, California Department of
23 Forestry. Possible approval of contract 500-04-
24 004 for \$650,000 to conduct future year
25 projections for potential renewable resources

1 through 2017. Good morning.

2 MR. SETHI: Good morning, Commissioners.
3 My name is Prab Sethi and I work as a Project
4 Manager in the technology system division.

5 I'm requesting approval of a contract
6 with California Department of Forestry for
7 \$650,000. The previous contract with CDF
8 investigated renewable resources and optimum
9 locations for developing renewable distributed
10 generation system using geographical information
11 system.

12 Under this new contract GIS is also to
13 be expanded to include renewable bulk, power and
14 extended electricity generation systems
15 simulations timed to 2017 to provide information
16 related to RPS.

17 This contract will also provide data
18 maintenance and technical support for GIS, and
19 will result into high strategic value of
20 California's electricity system, as well as high
21 public benefits for using renewable generation
22 system through 2017 as necessary to meet
23 requirements of the renewable portfolio standard.

24 And staff recommends approval of this
25 contract.

1 CHAIRMAN KEESE: Thank you.

2 COMMISSIONER GEESMAN: I move the item.

3 CHAIRMAN KEESE: Motion, Geesman.

4 COMMISSIONER ROSENFELD: Second.

5 CHAIRMAN KEESE: Second, Rosenfeld. Any
6 questions?

7 All in favor?

8 (Ayes.)

9 CHAIRMAN KEESE: Opposed? Adopted four
10 to nothing. Thank you.

11 MR. SETHI: Thank you.

12 CHAIRMAN KEESE: Item 10, National
13 Association of State Energy Officials. Possible
14 approval of contract R600-04-002 to receive
15 \$250,000 from NASEO to develop the California
16 component of the Hydrogen Technology Learning
17 Centers project. Good morning.

18 MR. ADDY: Good morning, Chairman Keese,
19 Commissioners. My name is McKinley Addy and I'm
20 the Project Manager and associate mechanical
21 engineer in the transportation energy division.

22 We seek approval to receive \$250,000 in
23 a grant from the National Association of State
24 Energy Officials, NASEO. The money will be used
25 to develop the California component of the

1 Hydrogen Learning Centers project. The total
2 project cost for the California effort is
3 \$333,000, and will include cofunding from
4 nonfederal sources.

5 The California partners in this effort
6 are the Air Resources Board, the City of Chula
7 Vista, the Sacramento Municipal Utility District
8 and the South Coast Air Quality Management
9 District. And these partners are providing up to
10 \$83,000 to cofund the nonfederal share of the
11 project.

12 And we recommend your approval.

13 CHAIRMAN KEESE: Okay. And this is the
14 first of three related items. Do I have a motion?

15 COMMISSIONER PFANNENSTIEL: So moved.

16 CHAIRMAN KEESE: Motion, Pfannenstiel.

17 COMMISSIONER ROSENFELD: Second.

18 CHAIRMAN KEESE: Second, Rosenfeld.

19 All in favor?

20 (Ayes.)

21 CHAIRMAN KEESE: Opposed? Adopted four
22 to nothing.

23 Item 11, Miramar College, San Diego
24 Community College District. Possible approval of
25 contract 600-04-001 for -- to spend -- pardon?

1 MR. ADDY: Mr. Chairman, it --

2 CHAIRMAN KEESE: Oh, 11 and 12 are
3 removed from the agenda. I'm sorry.

4 MR. THERKELSEN: We need to provide you,
5 Commissioners, a little more backup on --

6 CHAIRMAN KEESE: Yes, I --

7 MR. THERKELSEN: -- these two items, so
8 they will be on the August 11th meeting.

9 CHAIRMAN KEESE: They were referred to.
10 This is the spending of the money that we just
11 received.

12 MR. THERKELSEN: That's correct.

13 CHAIRMAN KEESE: But we will take them
14 up at a later time, thank you. Sorry.

15 MR. ADDY: Thank you.

16 CHAIRMAN KEESE: The minutes of June
17 30th; do I have a motion?

18 COMMISSIONER PFANNENSTIEL: So moved.

19 CHAIRMAN KEESE: Motion, Pfannenstiel.

20 COMMISSIONER ROSENFELD: Second.

21 CHAIRMAN KEESE: Second, Rosenfeld.

22 All in favor?

23 (Ayes.)

24 CHAIRMAN KEESE: Opposed? Adopted four
25 to nothing.

1 Commission Committee and Oversight.

2 Chief Counsel's report.

3 MR. CHAMBERLAIN: I have no report
4 today, Mr. Chairman.

5 CHAIRMAN KEESE: Wonderful. Executive
6 Director's report.

7 MR. THERKELSEN: Two quick things.
8 First of all we did have our meeting last week
9 with the -- or two weeks ago with the Resources
10 Agency. And they have agreed to go ahead and let
11 us go forward with the couple of BCPs. The BCPs
12 that we mentioned to you.

13 They did reduce the amount of staff
14 request that we had, but still significantly more
15 than frankly I'd expected to get. But it is still
16 critical resources that we need, both in the
17 analytical area, as well as research and
18 development area.

19 The second item that I wanted to talk
20 about briefly was we understand that business
21 meeting items are getting to you a little bit late
22 in terms of backup packages, so we're going to be
23 changing some procedures to make sure you get the
24 backup items a week in advance.

25 So just to let you know; hopefully that

1 will allow you to have more time to look at the
2 materials and make informed decisions.

3 CHAIRMAN KEESE: Thank you. Legislative
4 report? I believe there's none today.

5 Public Adviser's report.

6 MS. KIM: I'd just like to make a brief
7 announcement that this Thursday, July 15th, we'll
8 have the first quarterly meeting of the California
9 Climate Change Advisory Committee.

10 CHAIRMAN KEESE: Thank you.

11 Public comment? Seeing none, this
12 meeting is adjourned. Thank you.

13 (Whereupon, at 10:42 a.m., the business
14 meeting was adjourned.)

15 --o0o--

CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,
do hereby certify that I am a disinterested person
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thereafter transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
meeting, nor in any way interested in outcome of
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IN WITNESS WHEREOF, I have hereunto set
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